### COMPTROLLER GENERAL OF THE UNITED STATES - WASHINGTON D.C. 20548



B-202135

10 DEC 1981

The Honorable Alan Cranston United States Senated



Dear Senator Cranston:

Subject: Cost to the Government of the Recent Partial Shutdown of Government Offices

(PAD-82-24)

This is in response to your oral request that the General Accounting Office provide you the costs to the Government of the recent partial shutdown of Government offices ordered by the President as a result of the impasse over the continuing resolution to fund Government operations for fiscal year 1982. Specifically you requested the cost of releasing thousands of Government employees from work on November 23, 1981, and then subsequently paying them for the time they were not at work; and other costs directly or indirectly related to the shutdown.

In order to meet your needs for the data by December 10, it was not possible for GAO independently to develop estimates of the costs associated with the shutdown that affected many agencies on November 23. Therefore, to determine how agencies responded to the latest gap in funding, we contacted the 13 cabinet departments and 12 selected agencies and offices to obtain as much of the information requested as possible. The independent agencies contacted were selected either because they had large numbers of employees or it was reported that they had furloughed employees on November 23.

Data on the number of employees furloughed and the costs of implementing a shutdown are neither readily available nor easily obtainable. To obtain the cost data we developed a uniform set of questions and interviewed by telephone knowledgeable officials of the departments and agencies. As the attached table (see appendix I) shows the information we were able to obtain in the short time available varies considerably. Some agencies were able to give us the number of employees furloughed, but not the costs of paying administrative leave for the time furloughed; some provided both figures; others provided a single cost estimate that included all costs-personnel, lost productivity, and shutdown planning activities; and some were unable to provide any specific figures in time to be included in our response.

### RELEVANT GAO WORK

The problems of funding gaps are not new. We recently completed a study of this issue in our report entitled, "Funding Gaps Jeopardize Federal Government Operations," (PAD-81-31, March 3, 1981). That report analyzed a similar funding hiatus for fiscal years 1980 and 1981, and provided a historical analysis of the problem. (We enclose a copy of the report.)

We found that in the last 20 years, 85 percent of appropriations bills for Federal agencies have passed after the beginning of the fiscal year. This has required In fiscal years 1979, 1980, 74 continuing resolutions. and 1981, the continuing resolutions were late as well. From fiscal years 1962 to 1981, there were 32 gaps in funding totaling 291 days. Prior to 1980, agencies had continued to operate and incur obligations for necessary operations pending approval of a continuing resolution or an appropriations act. While recognizing that this was a violation of the Antideficiency Act, agencies also believed that the Congress intended that they not close down. An opinion of the Comptroller General (March 3, 1980) supported this interpretation noting that the Congress had generally retroactively approved obligations incurred during a gap in funding.

However, the Attorney General's opinions of April 25, 1980, and January 16, 1981, stated that the Antideficiency Act precluded agencies from continuing to incur obligations in the absence of appropriations. Except for those functions necessary to protect life and property, an agency whose appropriations had expired had to begin to shut down operations. Five days after the issuance of the April 25, 1980 opinion, the Federal Trade Commission was required to shut down when its appropriations expired.

As we noted in our March 1981 report, late appropriations are becoming more frequent and the requirement that agencies shut down operations when appropriations are late has significantly disrupted Government operations and has had an adverse effects on employee morale. We continue to support our report's recommendation that the Congress enact permanent legislation that authorizes agencies to incur obligations, but not expend funds, when agency appropriations expire. Such legislation would both avoid the disruptions of the last 3 years and preserve the funding authority and discretion of the Congress.

The above recommendation would resolve the immediate crisis of agency shutdowns when appropriations expire. A more long-range answer to the problem would be making adjust-ments to the congressional budget process that allow the Congress to pass appropriations measures before existing funding expires. These adjustments could include shifting authorization and appropriations cycles to 2 years or more and/or

staggering cycles to reduce the number of annual funding decisions the Congress must make.

We hope that these data will be useful to you as a rough indicator of the cost of closing down the Government on November 23, 1981. I would caution that these cost data should be used only as a preliminary guide. We will be happy to discuss this information with you at any time.

Sincerely yours, Charles A. Dowsker

Comptroller General of the United States

Enclosure

APPENDIX I

AGENCY ESTIMATES OF COSTS AND SPECIAL EFFECTS OF THE NOVEMBER 23, 1981, FUNDING GAP

#### AVAILABILITY OF COST DATA

The specific data requested was not readily available primarily because most departments and agencies we contacted neither centrally tracked the number of employees furloughed to calculate the costs of shutting down, nor computed any lost productivity costs. The fragmented agency responses to our questions totaled \$8.1 million for closing down the Government on November 23, 1981. Because agencies computed this cost in a variety of ways, and did not always break out costs of furloughs, etc., it is not possible to break out this total by category. It is very important that these cost figures not be considered definitive because:

- --agencies were often only able to provide incomplete data;
  For example, the Department of the Treasury indicated
  that 51,604 employees were furloughed at some point on
  November 23. However, since the time that employees were
  sent home varied throughout the Department, there was
  no uniform basis for computing furlough costs, and
  the Department did not provide any.
- --data provided by agencies are not necessarily comparable;
  Agencies used a variety of assumptions in computing costs
  Therefore, two agencies with similar experiences may come
  up with different answers. The Department of Labor, for
  - example, furloughed no employees, but considered the
  - entire day lost, and computed as its costs its entire payroll for one day. The Department of Health and Human Services did not furlough employees either, but did not wish to place a dollar figure on the productive time lost, though it was believed to be great.
  - --data was not obtained from all agencies because of time constraints;
  - --time did not permit the independent verification of data received; and
  - -- the data obtained were known to be rough estimates subject to error and future adjustments.

Nevertheless, we do believe that the cost figures are an indicator of the range and type of costs that were incurred.

APPENDIX I

More complete figures on the cost of paying administrative leave to those employees furloughed should be available later from the payroll records of the various departments and agencies. However, no central system exists that provides quick and easy access to payroll data from all agencies. Instead, data is only available at individual automated data processing centers. Because each system is different, coding categories vary, biweekly payrolls are processed at different times, and agency cooperation is necessary to access the computers, it was not possible to obtain this information in time to meet the deadline in your request. Moreover, agency payroll records may not yet contain complete information. For several days following the events of November 23, some confusion existed concerning the appropriate way to handle the furloughs on payroll records, and corrections may still be underway. Thus, even if we could immediately access payroll records, we could not, independently estimate the full furlough costs that agencies assigned to administrative leave for November 23.

During our analysis we became aware of a more detailed request to the departments and agencies to obtain a variety of data concerning the closing down of the Government on November 23, 1981. That data will be provided shortly to the House Subcommittee on Civil Service of the House Committee on Post Office and Civil Service.

Much of the information agencies provided to us was prepared in response to this request. However, since the study will not be completed until after your need for the data, many agencies were able to provide us only partial data.

As we noted before, there were many individual problems that affect the quality and comparability of the cost data found in the accompanying table. The notes on individual agencies in the table indicate some of the factors unique to each agency. Among the more important issues are difficulties FlexTime posed in calculating payroll costs, and possible inconsistent agency categorization of costs.

Under FlexTime, employees are allowed to establish their own working schedules as long as they meet certain requirements. Where this system is in use, it is difficult to quickly and easily determine furlough costs. Take the example of two employees, one scheduled to work 10 hours beginning at 7 a.m. November 23rd, and the second 4 hours beginning at 8 a.m. Assuming both employees were furloughed at noon, the first would be due 5 hours of paid administrative

·APPENDIX I APPENDIX I

leave and the second none, since that employeehe was scheduled to leave at noon in any event. Thus, the FlexTime schedule of every employee would need to be examined and a hand calculation made to determine the actual furlough costs in such an agency. Such information may be available from payroll records at a later date, assuming that furlough costs are recorded as administrative leave.

Agencies are not accounting for furlough and productivity costs in the same way. For example, the EPA had already completed its payroll records for the pay period including November 23 before it was determined that employees were to be paid for the time furloughed. A normal payroll was processed with adjustments to be made in the following pay period if employees were not to be paid for time on furlough. But since employees are to be paid, no special code will be entered to show furlough costs. On the other hand, while no one was formally furloughed at the Department of State, some employees were sent home at the option of local supervisors and were granted administrative leave.

Some agencies, such as the General Services Administration (GSA) consider providing assistance for a shutdown as part of their normal statutory duties, 50 did not count shutdown activities as lost productive time. The Department of Labor, on the other hand, considered the entire day lost, and includes as both furlough and lost productivity its entire payroll for November 23. While some agencies, such as OMB, attached precise costs to furloughs, others just estimated the hours employees were furloughed, since the costs varied within each agency.

All of these factors strongly caution against comparing costs across agencies or suggesting that the cost for one agency was necessarily greater more than another. One can only say, based on the data we obtained, that the cost of the shutdown is great. We would not suggest that the figures are any more than indicative of the types of costs incurred.

### Agency Estimates of the Costs and Special Effects of the November 23, 1981, Funding Gap a/

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Department/ Agency	Number of Employees Furloughed	Cost of Furlough Payroll	Other Costs b/	Special Effects
Office of Management and Budget	256	\$ 17,163	<u>c</u> /	Two budget reviews cancelled. All managerial and general counsel personnel set home.  Budget analysts remained only to answer questions about the shutdown.
State	0	0	<u>c</u> /	No employees were formally placed on furlough, but some people were sent home early at local option. Passport offices and the Public Affairs Bureau were not open to the public.
Treasury	51,604	<u>c</u> /	<u>c</u> /	Almost 50% of employees were furloughed. 3210 people left at 1 p.m. and 48,395 left during the afternoon, making it difficult to compute payroll costs.
Defense	0	. 0	0	Defense was not affected by the funding gap.
Justice	0	0	<u>c</u> /	All employees were engaged in closedown activities. Nonessential personnel would have been furloughed on second day.
Interior	all nonessential personnel	<u>c</u> /	<u>c</u> /	All nonessential people furloughed at 2 p.m., but numbers and cost not available. The Washington Monument and Statue of Liberty were closed to the public.
Agriculture	approx. 45,000	\$1,600,000	<u>c</u> /	Almost 40% of USDA personnel were furloughed (90% at headquarters) disrupting research and education activities. Officials did not estimate closedown costs, but felt the whole day was lost.
Commerce ·	18,133	\$ 544,819	\$3,820	48% of all employees furloughed. Other than payroll, estimates included the cost of monitoring the shutdown and long distance telephone calls. 10,518 non-essential personnel were not furloughed because of available no-year funds.
Labor	0	0	\$2,452,000	75% of employees classified as nonessential, but no one was furloughed. A full day's pay was used to perform the 1-day phasedown and suspension of department operations.

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# Agency Estimates of the Costs and Special Effects of the November 23, 1981, Funding Gap a/

Department/ Agency	Number of Employees Furloughed	Cost of Furlough Payroll		Other Costs b/	Special Effects
Health and Human Services	0	0		<u>c</u> /	HHS experienced lost productivity, but did not quantify costs
Education	5,457	\$260,000		<u>c</u> /	All employees except the Secretary of Education and one aid were furloughed for 13 day.
House and Urban Development		0		<u>c</u> /	About 75% of employees were instructed not to come to work on Tuesday, if the funding gap continued. HUD is preparing plans for a more rapid phasedown in the event of a Dec. 15 gap.
Transportation	all nonessential personnel	₫/	\$1	,920,000	Estimated that Nov. 23 was a nonproductive day department-wide.
Energy	0	0	\$	15,000	Effects were minor because of no-year funds. Costs are for preplanning and preparion for OMB and President's cabinet meetings.
Veterans · Administration	20,714	<u>c</u> /		. <u>c</u> /	84% of headquarters personnel, but only 7½% of field personnel, were furloughed from 1 to 4 hours. Employees were recalled from travel.
Federal Trade Commission	1,442	₫/	\$	371,500	More than 90% of employees were furloughed at 2 p.m. Several agency attorney's returned to Chicago when a hearing was cancelled and regular business activities were cancelled.
National Trans- portation Safety Board	0	0		0	All NTSB activities met OMB requirements of essential functions.
National Science Foundation	0	0		0	Continued all operations with multi-year funds.

# Agency Estimates of the Costs and Special Effects of the November 23, 1981, Funding Gap a/

Department/ Agency	Number of Employees Furloughed	Cost of Furlough Payroll	Other Costs b/	Special Effects
Federal Election Commission	0	0	\$27,000	Closedown activities cost one full payroll day. Employees were to be furloughed at noon on Nov. 24, 1981.
Environmental Protection Agency	3,779	<u>c</u> /	<u>c</u> /	Almost 90% of personnel furloughed 1-4 hours, but the day was largely lost, EPA did not estimate furlough costs or other closedown costs.
Merit System Protection Board	<b>а</b> рргох. 325	<u>c</u> /	<u>c</u> /	A complete shutdown except li regional manager and 6 headquarters employees.
General Services Administration	24,500	\$900,000	0	Preparation for closedown began on the week endprior to Nov. 23; almost 75% of GSA employees and all activities affected. Closedown costs estimated at 0. They were considered a normal part of GSA duties.
National Labor Relations Board	0	0	. <u>c</u> /	
Office of Personn Management	e1 <u>c</u> /	<u>c</u> /	<u>c</u> /	Non-essential employees were furloughed at 3 p.m.
Office of Special Council	<u>c</u> /	<u>c</u> /	<u>c</u> /	Performed only shutdown activities. All but 13 employees furloughed at 2 p.m. Employees instructed that they could appeal this action to the Merit Systems Protection Board (that also shutdown completely).

a/The figures in this table do not represent the total cost to the government of the Bovember 23, 1981, funding gap. Instead, the data represents unverified agency estimates. In many cases, information was fragmentary or not available.

b/We did not verify the items that agencies included in their estimates of Other Costs.

c/Agency estimates were not available.

d/Payroll costs are included in Other Costs.

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